



Rushcliffe
Borough Council

Governance Scrutiny Group

Tuesday 23 July 2019

Approval of the Statement of Accounts 2018/19

Report of the Executive Manager – Finance and Corporate Services

1. Purpose of Report

- 1.1 This report presents the Council's statutory Statement of Accounts (Appendix A) for the financial year 2018/19 to be approved by the Governance Scrutiny Group along with the Management Representation Letter (Appendix B).
- 1.2 The Council's external auditors have commented on the Statement of Accounts and their quality in their covering report.

2 Recommendation

It is RECOMMENDED that the Governance Scrutiny Group approve:

- a) The Statement of Accounts for 2018/19 (**Appendix A**); and
- b) The Management Representation letter (**Appendix B**).

3 Reasons for Recommendation

- 3.1 To demonstrate compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ('the Code') and various legislation such as the Accounts and Audit Regulations (2015); and to help readers and stakeholders engage with the Accounts and demonstrate good stewardship.

4 Supporting Information

- 4.1 The accounts for Local Authorities are required to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ('the Code') and the Annual Governance Statement must comply with the guidance issued by CIPFA/SOLACE ('Delivering Good Governance in Local Government') published in April 2016.
- 4.2 The Statement of Accounts 2018/19 at **Appendix A** is included as a separate document. This includes the Council's Annual Governance Statement which, in line with best practice, has been agreed with the Leader and Chief Executive.
- 4.3 In accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, the following additions/amendments have been made to the Accounting Policies:

Viii - Financial Instruments – updated for IFRS9 - recognition of fair value movements of Financial Assets through either Profit and Loss or Other Comprehensive Income, expected credit loss model and;
Created a materiality level for recognition of Soft Loans (loans at less than market rates) to £50k present value (over the life of the loan) of interest foregone and;
ii. - Accruals – added Revenue Contracts with service recipients

None of the above have a material effect on the Financial Statements.

- 4.4 The closure of accounts process is complex but, pleasingly, at the time of writing no significant issues have arisen from the audit this year.
- 4.5 There is a national issue concerning what is known as the McCloud judgement where further information was received from the actuary after the draft accounts were produced impacting upon on the Council's pension liabilities. This has affected all local authorities. It is an age discrimination case with the implications of the judgement increasing the pension liability for Rushcliffe by £1.488m. Mazars comment further on this in their report.
- 4.6 **Appendix B** details the management representation letter. This letter confirms for the auditors that the Council is satisfied with the validity of the financial statements provided by the Authority to Mazars. If agreed, this letter will be signed at the conclusion of the meeting.

5 Risk and Uncertainties

- 5.1 Failure to adhere to professional accounting practice could lead to potential criticism from the Council's external auditors and inadequate Financial Statements.

6 Implications

6.1 Financial Implications

None

6.2 Legal Implications

None

6.3 Corporate Priorities

Not applicable

6.4 Other Implications

None

7. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group approve:

- a) The Statement of Accounts for 2018/19 (**Appendix A**); and
- b) The Management Representation letter (**Appendix B**).

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Corporate Governance Group Agenda 9 May 2019
List of appendices (if any):	Appendix A – Statement of Accounts 2018/19 Appendix B – Draft Management Representation Letter